



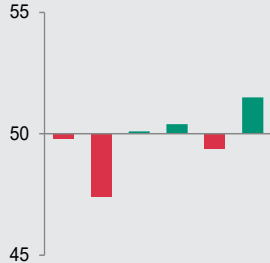
AIB Ireland Manufacturing PMI®

Fastest rise in new work since May 2022

51.5

IRELAND
MANUFACTURING PMI
OCT '24

Manufacturing PMI
May - Oct '24
sa, >50 = improvement



October data provided tentative signs of a turnaround in manufacturing sector performance, with both production volumes and incoming new work returning to growth. Although modest, the upturn in new orders was the strongest for nearly two-and-a-half years and achieved against a backdrop of still subdued export demand. Manufacturers stepped up their purchasing activity in response to improving order books during October, but remained cautious about staffing numbers. Meanwhile, cost inflation eased to a four-month low amid softening commodity price pressures.

Commenting on the survey results, David McNamara, AIB Chief Economist, said:

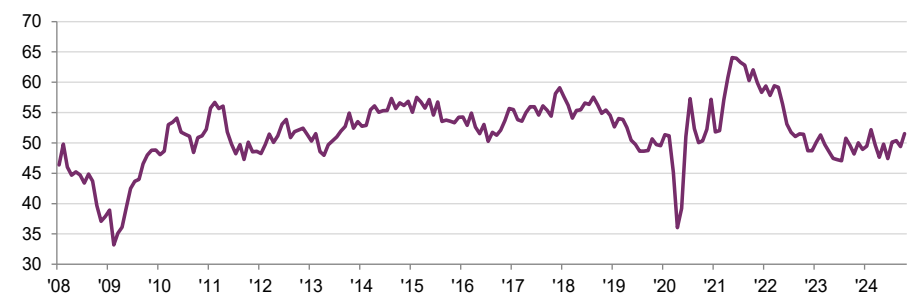
"The October AIB Irish Manufacturing PMI shows a renewed rise in activity in the sector, with the headline index rising to 51.5 from 49.4 in September. This is the fastest improvement in business conditions since February, with the upturn in the Irish manufacturing sector driven by a rise in output and new orders. The Irish manufacturing PMI remains above the flash October readings for the Eurozone and US and UK at 45.9, 47.8 and 50.3, respectively.

"Output rose in October following a contraction in three of the previous five months, with respondents citing a renewed rise in domestic demand. This was also evident in a first rise in new orders since February, but export orders continued to contract for the 9th month in succession. Firms linked this drop in orders to lacklustre demand from European clients. Hiring also fell marginally for a second consecutive

month. Respondents once again linked this fall to non-replacement of departing staff. However, increased backlogs of work were recorded for the first time in two-and-a-half years. Survey respondents noted that rising volumes of new work and staff shortages in some firms, had led to an accumulation of outstanding business. Purchasing activity also accelerated to the fastest pace since May 2022.

"Price pressures eased in October, with the input and output price survey signalling a slower pace of inflation, owing in some cases to softer commodity prices. Irish manufacturers also maintained an overall positive outlook regarding activity over the coming 12 months, with sentiment rising in October. Respondents linked this to optimism around an improvement in demand and forthcoming new projects."

AIB Ireland Manufacturing PMI
sa, >50 = improvement since previous month



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Overview

Renewed increases in output and new orders
 Purchasing activity expands at strongest pace for 29 months
 Growth expectations strongest since December 2023

The headline AIB Ireland Manufacturing PMI® is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

At 51.5 in October, up from 49.4 in September, the seasonally adjusted AIB Ireland Manufacturing PMI® was back above the neutral 50.0 threshold and signalled the fastest improvement in business conditions since February.

The rise in the headline PMI was driven by a rebound in new business intakes. October data indicated that new orders improved for the first time in eight months and, although only modest, the rate of growth was the strongest since May 2022. Manufacturers commented on a steady recovery in domestic demand and more supportive underlying economic conditions. Export sales meanwhile decreased for the ninth consecutive month, which was mainly attributed to weak European demand and overstocked customers.

Higher levels of new work led to a modest expansion of production schedules in October. Greater output volumes have now been recorded in three of the past four months and the latest upturn was the strongest since February. Improving demand also resulted in an increase in backlogs of work for the first time in two-and-a-half years. However, employment numbers continued to decrease in October. Survey respondents commented on cautious hiring strategies and the non-replacement of voluntarily departing staff.

Manufacturers maintained a preference for tighter inventory management in October, in part due to efforts to improve

cash flow. The latest survey pointed to marginal reductions in both stocks of finished goods and pre-production inventories. Input buying nonetheless rebounded across the manufacturing sector and the rate of expansion was the fastest since May 2022.

Higher levels of purchasing activity, as well as ongoing shipping delays, put some pressure on supply chains in October. Manufacturers also noted that staff shortages among suppliers had negatively impacted performance. Average lead times lengthened for the second month running and to the greatest extent since November 2022.

October data signalled another robust increase in average cost burdens across the manufacturing sector. However, the rate of input price inflation slipped to its lowest since June. Survey respondents often commented on rising transportation costs, but others noted that softer commodity price pressures had acted as a brake on overall inflation.

Efforts to protect operating margins in the wake of higher purchasing costs and staff salaries led to another solid increase in factory gate prices in October. The rate of prices charged inflation eased slightly since the previous month but was still the second-highest since April 2023.

Finally, the latest survey indicated that business activity expectations for the year ahead improved again. Around 49% of manufacturers anticipate a rise in output in the next 12 months, while only 12% forecast a decline. The resulting index signalled the most upbeat degree of business optimism so far in 2024. Anecdotal evidence suggested that more favourable market conditions and hopes of a sustained improvement in broader economic performance had underpinned business confidence in October.

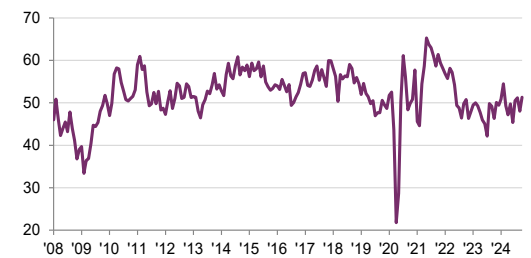
Output and demand

Output

Manufacturing production returned to growth in October, following a slight decline in the previous month. The seasonally adjusted Output Index has posted above the 50.0 no-change threshold in three of the past four months and the latest reading signalled the fastest rate of expansion since February. Survey respondents mostly commented on rising demand, especially from domestic clients.

Output Index

sa, >50 = growth since previous month

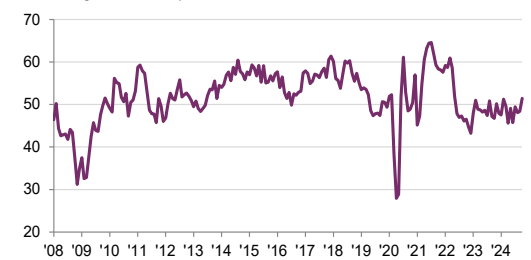


New orders

The seasonally adjusted New Orders Index returned to positive territory in October, thereby ending a seven-month period of falling sales. While only modest, the rate of new business growth was the strongest since May 2022. Some goods producers commented on improving market conditions and a more supportive economic backdrop.

New Orders Index

sa, >50 = growth since previous month

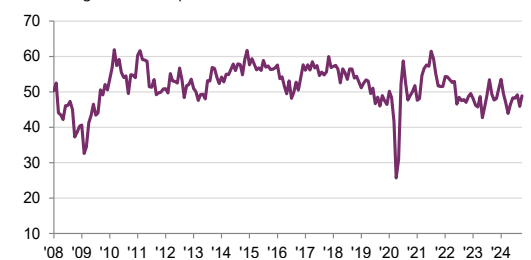


New export orders

New orders from abroad continued to decline in October, which extended the current period of contraction to nine months. However, the downturn in export sales eased since September and was only marginal overall. Manufacturers mostly noted softer demand from European clients, alongside a headwind to sales from excess customer inventories.

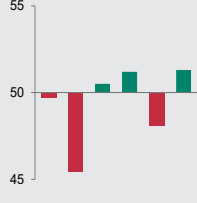
New Export Orders Index

sa, >50 = growth since previous month



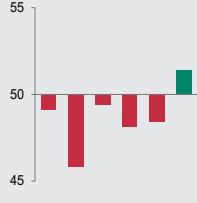
Output Index

May - Oct '24
sa, >50 = growth



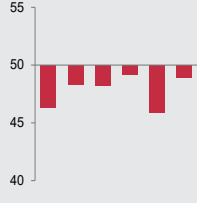
New Orders Index

May - Oct '24
sa, >50 = growth



New Export Orders Index

May - Oct '24
sa, >50 = growth

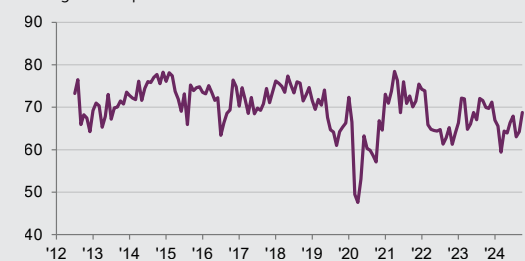


Business expectations

Business activity expectations improved for the second month running in October. Moreover, the degree of positive sentiment was the strongest since December 2023. Survey respondents typically cited hopes of a gradual improvement in business conditions, rising export demand and forthcoming new projects. There were also reports that intense competition for new work and squeezed budgets had constrained business confidence.

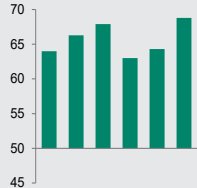
Future Output Index

>50 = growth expected over next 12 months



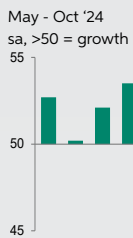
Future Output Index

May - Oct '24
>50 = growth expected



Employment and capacity

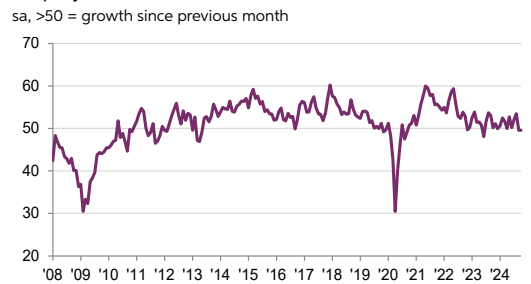
Employment Index



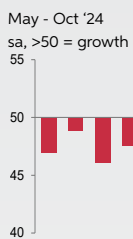
Employment

Manufacturers remained cautious about staff hiring in October, with the latest survey pointing to another marginal reduction in overall workforce numbers. Lower employment levels were primarily linked to the non-replacement of voluntarily departing staff.

Employment Index



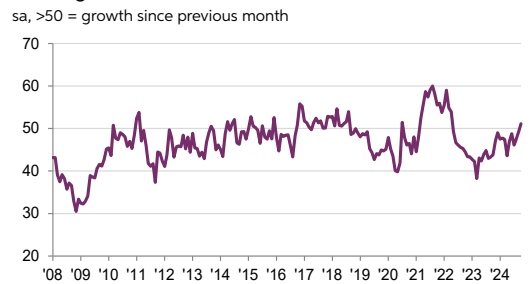
Backlogs of Work Index



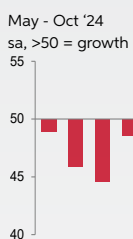
Backlogs of work

The seasonally adjusted Backlogs of Work Index signalled a renewed rise in unfinished business across the manufacturing sector in October. Moreover, increased backlogs of work were recorded for the first time in two-and-a-half years. Survey respondents noted that rising volumes of new work and, in some cases, staff shortages, had led to an accumulation of outstanding business.

Backlogs of Work Index



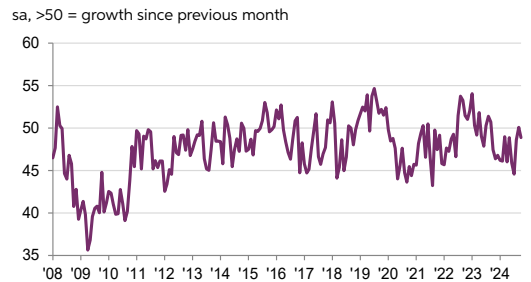
Stocks of Finished Goods Index



Stocks of finished goods

October data indicated a marginal reduction in post-production inventories, although the speed of stock depletion was much less marked than seen in the first half of 2024. Manufacturers reporting a decline in their stocks of finished goods generally linked it to deliberate inventory streamlining.

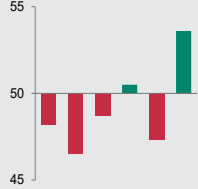
Stocks of Finished Goods Index



Purchasing

Quantity of Purchases Index

May - Oct '24
sa, >50 = growth

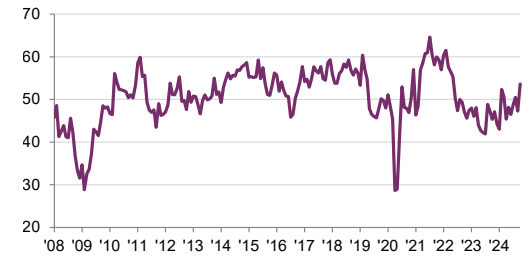


Quantity of purchases

The seasonally adjusted Quantity of Purchases Index signalled a strong rebound in input buying across the manufacturing sector in October. Moreover, the latest reading pointed to the fastest increase in purchasing activity since May 2022. Higher levels of input buying were mostly attributed to rising customer demand and forthcoming new work.

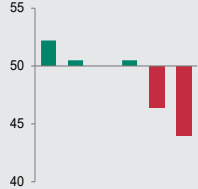
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

May - Oct '24
sa, >50 = faster times

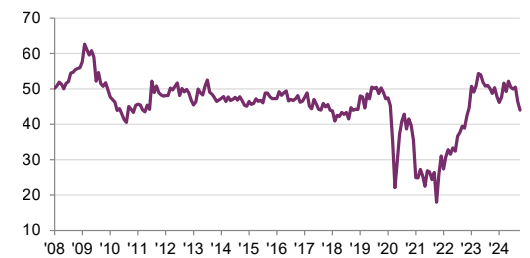


Suppliers' delivery times

Goods producers indicated a sharp and accelerated downturn in vendor performance during October. The seasonally adjusted Suppliers' Delivery Times Index registered below the neutral 50.0 threshold for the second month running and signalled the steepest lengthening of lead times since November 2022. Anecdotal evidence typically cited staff shortages among suppliers, as well as shipping delays.

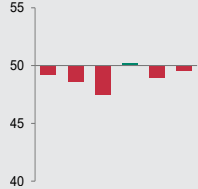
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

May - Oct '24
sa, >50 = growth

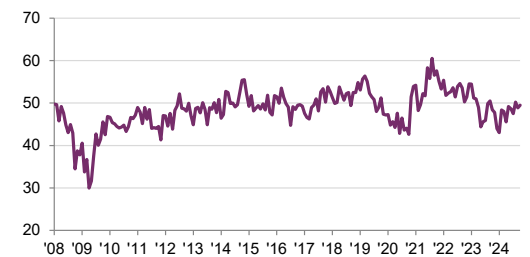


Stocks of purchases

Pre-production inventories decreased slightly in October, but the rate of decline moderated since the previous month and remained slower than seen on average in the first half of 2024. Some manufacturers noted that efforts to improve cash flow had led to stock reduction strategies.

Stocks of Purchases Index

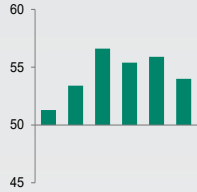
sa, >50 = growth since previous month



Prices

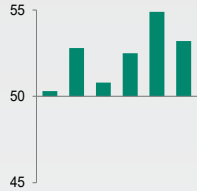
Input Prices Index

May - Oct '24
sa, >50 = inflation



Output Prices Index

May - Oct '24
sa, >50 = inflation



Input prices

Average cost burdens increased at a robust pace in October, with the seasonally adjusted Input Prices Index posting above the 50.0 no-change threshold for the eleventh consecutive month. However, the latest reading signalled the slowest pace of inflation since June. Some manufacturers reported rising expenses related to transportation, while others suggested that softer commodity prices had helped to alleviate overall cost pressures.

Output prices

The seasonally adjusted Output Prices Index pointed to another solid increase in factory gate prices across the manufacturing sector in October. Moreover, the rate of output charge inflation eased only slightly from September's 19-month high. Anecdotal evidence suggested that higher prices charged reflected ongoing efforts to alleviate margin pressures by passing on rising materials prices to clients.

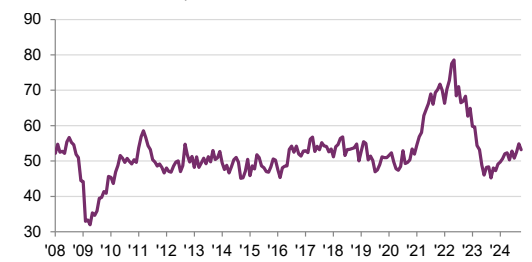
Input Prices Index

sa, >50 = inflation since previous month



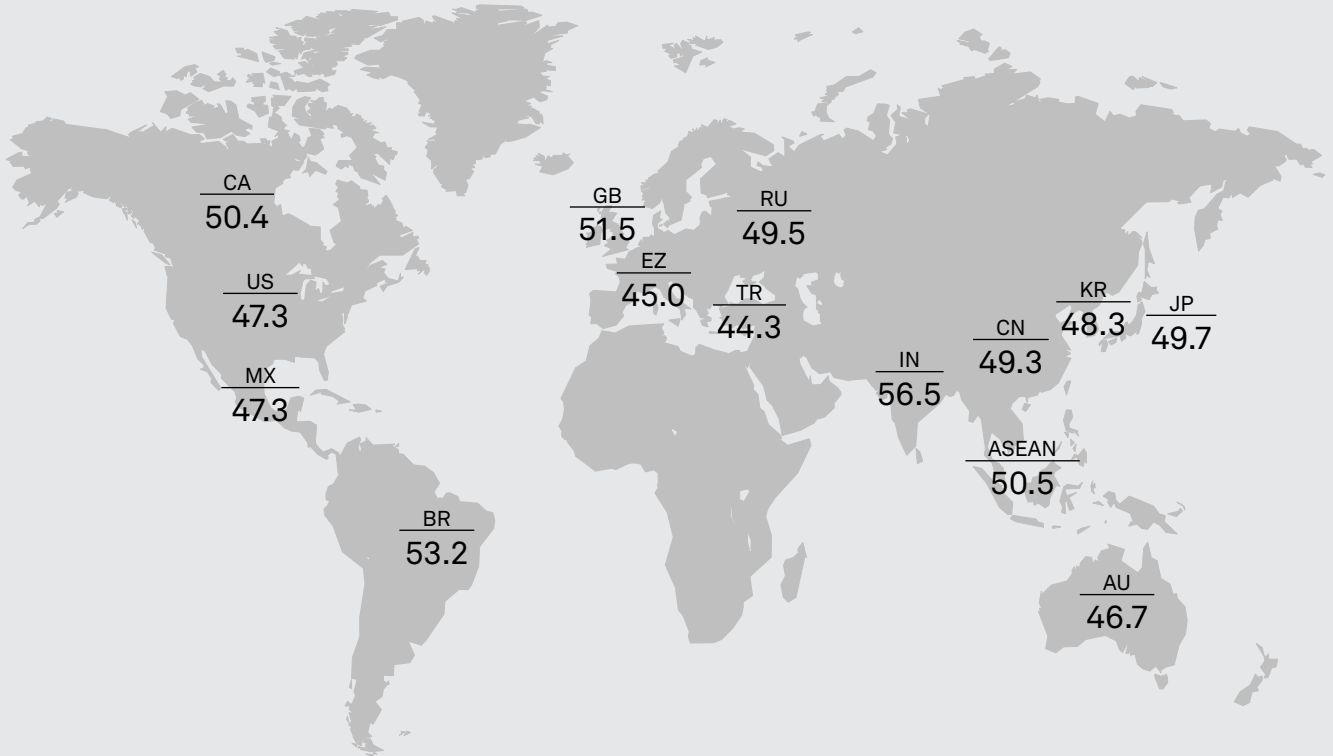
Output Prices Index

sa, >50 = inflation since previous month

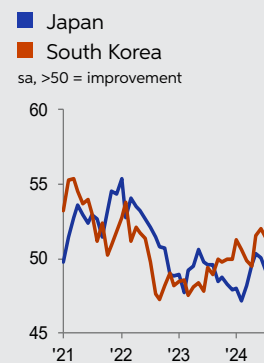
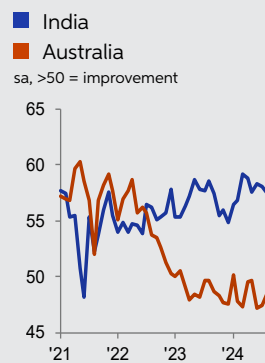
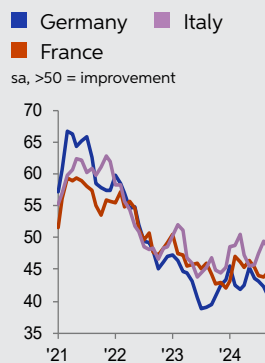
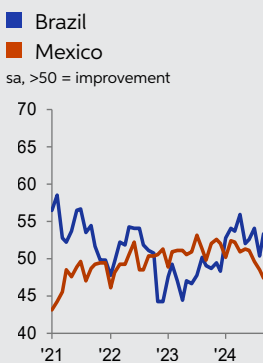
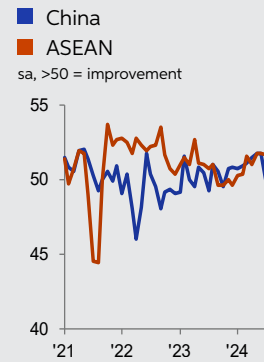
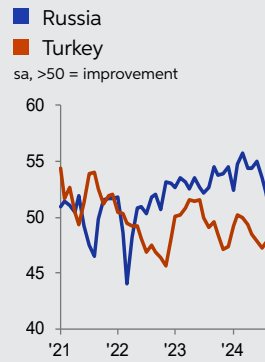
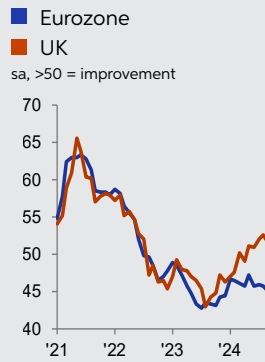
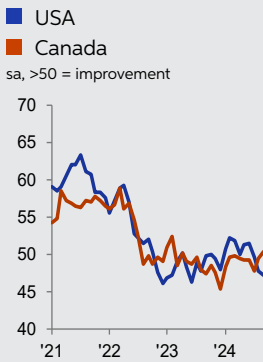


International PMI

Manufacturing PMI, Sep '24
 sa, >50 = improvement since previous month



Manufacturing PMI



Survey methodology

The AIB Ireland Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 250 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 1998.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

Survey dates

Data were collected 10-24 October 2024.

Survey questions

Manufacturing sector

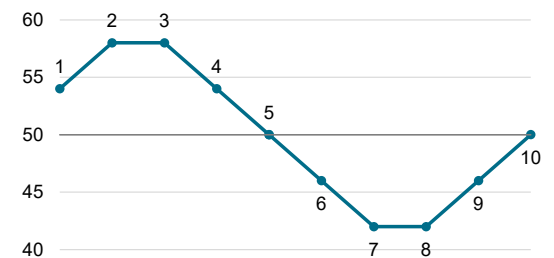
Output	Quantity of Purchases
New Orders	Suppliers' Delivery Times
New Export Orders	Stocks of Purchases
Future Output	Input Prices
Employment	Output Prices
Backlogs of Work	
Stocks of Finished Goods	

Index calculation

$$\% \text{ "Higher" } + (\% \text{ "No change"})/2$$

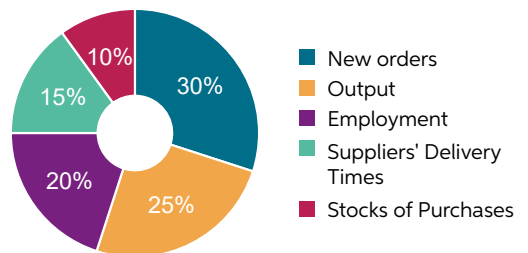
Index interpretation

50.0 = no change since previous month



- | | |
|--------------------------|----------------------------|
| 1 Growth | 6 Decline, from no change |
| 2 Growth, faster rate | 7 Decline, faster rate |
| 3 Growth, same rate | 8 Decline, same rate |
| 4 Growth, slower rate | 9 Decline, slower rate |
| 5 No change, from growth | 10 No change, from decline |

PMI component weights



Sector coverage

Manufacturing PMI data include responses from companies operating in the entire manufacturing sector, including the following ISIC Rev.4 codes:

C10 - Food Products	C19 - Coke and Refined Petroleum Products	C27 - Electrical Equipment
C11 - Beverages	C20 - Chemicals and Chemical Products	C28 - Machinery and Equipment N.E.C.
C12 - Tobacco Products	C21 - Basic Pharmaceutical Products and Pharmaceutical Preparations	C29 - Motor Vehicles, Trailers and Semi-Trailers
C13 - Textiles	C22 - Rubber and Plastic Products	C30 - Other Transport Equipment
C14 - Wearing Apparel	C23 - Other Non-Metallic Mineral Products	C31 - Furniture
C15 - Leather and Related Products	C24 - Basic Metals	C32 - Other Manufacturing
C16 - Wood and of Products of Wood and Cork, Except Furniture; Articles of Straw and Plaiting Materials	C25 - Fabricated Metal Products, Except Machinery and Equipment	C33 - Repair and Installation of Machinery and Equipment
C17 - Paper and Paper Products	C26 - Computer, Electronic and Optical Products	
C18 - Printing and Reproduction of Recorded Media		

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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PMI®

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